



# **Puerto Rico/U.S. Virgin Islands**

High Intensity Drug Trafficking Area

# **Drug Market Analysis**

# **2009**



**NATIONAL DRUG INTELLIGENCE CENTER**  
**U.S. DEPARTMENT OF JUSTICE**





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This assessment is an outgrowth of a partnership between the NDIC and HIDTA Program for preparation of annual assessments depicting drug trafficking trends and developments in HIDTA Program areas. The report has been coordinated with the HIDTA, is limited in scope to HIDTA jurisdictional boundaries, and draws upon a wide variety of sources within those boundaries.



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# Preface

This assessment provides a strategic overview of the illicit drug situation in the Puerto Rico/U.S. Virgin Islands (PR/USVI) High Intensity Drug Trafficking Area (HIDTA), highlighting significant trends and law enforcement concerns related to the trafficking and abuse of illicit drugs. The report was prepared through detailed analysis of recent law enforcement reporting, information obtained through interviews with law enforcement and public health officials, and available statistical data. The report is designed to provide policymakers, resource planners, and law enforcement officials with a focused discussion of key drug issues and developments facing the PR/USVI HIDTA.

**Figure 1. Puerto Rico/U.S. Virgin Islands High Intensity Drug Trafficking Area**



## Strategic Drug Threat Developments

- Cocaine usually is readily available throughout the PR/USVI HIDTA region because of the region's proximity to reliable international sources of supply; however, large cocaine seizures during the first 6 months of 2008 have resulted in sporadic cocaine shortages and higher cocaine prices at the wholesale level in Puerto Rico.
- Colombian drug trafficking organizations (DTOs) dominate wholesale cocaine and South American (SA) heroin trafficking into and through Puerto Rico and the USVI; these DTOs rely heavily on other Caribbean-based traffickers, including Dominican, Puerto Rican, and Venezuelan DTOs and criminal groups, to transport drugs from South America into the PR/USVI HIDTA region.
- Dominican DTOs are increasingly controlling drug distribution in Puerto Rico; they are the principal transporters of illicit drugs into and through Puerto Rico and the USVI.

## HIDTA Overview

The PR/USVI HIDTA region consists of the commonwealth of Puerto Rico and the island archipelago of the USVI, which encompasses St. Croix, St. John, St. Thomas, and several other, smaller islands. The HIDTA region was established to combat the transshipment of illicit drugs from South America through Puerto Rico and the USVI to the continental United States (CONUS) and to target the distribution of illicit drugs within the region.

The PR/USVI HIDTA region is located between South America and the CONUS, along established drug trafficking routes in the eastern Caribbean. It is a U.S. arrival zone for illicit drugs transported from South America, particularly cocaine destined for U.S. drug markets. The U.S.

territories of Puerto Rico and the USVI represent the southernmost point of entry into the United States for people and goods; shipping from the islands to other parts of the United States is considered to be coastwise trade, and U.S. Customs and Border Protection (CBP) officials do not routinely inspect such cargo. Consequently, the HIDTA region is a convenient transshipment and consolidation point for drug traffickers who smuggle cocaine and SA heroin into the CONUS. Additionally, large amounts of illicit drugs transported from South America are transshipped from the PR/USVI HIDTA region to drug markets in other areas, such as Africa, Canada, and Europe.

## Drug Threat Overview

Cocaine smuggling into and transportation through Puerto Rico and the USVI pose the greatest drug threat to the PR/USVI HIDTA region. Cocaine usually is readily available because of the region's proximity to reliable international sources of supply. Successful interdiction efforts and increased cocaine transportation to lucrative markets in Europe and West Africa, however, contributed to cocaine shortages and price increases in Puerto Rico during 2008, according to officials from the Drug Enforcement Administration (DEA) Caribbean Field Division. Cocaine prices were higher in October 2008 (\$28,000 to \$30,000 per kilogram) than in August 2008 (\$15,000 to \$19,000 per kilogram). Moreover, reporting from PR/USVI HIDTA Initiatives<sup>1</sup> indicates that more than 275 kilograms of powder cocaine were seized in 2008. (See [Table 1 on page 3.](#))

1. Puerto Rico/U.S. Virgin Islands (PR/USVI) High Intensity Drug Trafficking Area (HIDTA) funds are allocated to 11 initiatives in the following program areas: Puerto Rico Fugitive Task Force; Fuerza Unida de Rápida Acción (FURA); Blue Lightning Strike Force; Caribbean Corridor Strike Force; Fajardo Major Organization Investigations; Money Laundering Initiative; Ponce Major Organization Investigations; Safe Neighborhoods Initiative; San Juan Major Organization Investigations; St. Croix Major Organization Investigations; and St. Thomas Major Organization Investigations.

**Table 1. Drug Seizures in the Puerto Rico/U.S. Virgin Islands HIDTA Region in Kilograms, by Drug, 2008**

Powder Cocaine	Marijuana	Heroin
275.27	43.00	1.26

Source: Puerto Rico/U.S. Virgin Islands High Intensity Drug Trafficking Area.

Cocaine is typically smuggled directly from South America and is destined for drug markets in the CONUS and other areas, including Africa, Canada, and Europe. A secondary flow of cocaine from South America through the Dominican Republic to the HIDTA region accounts for a significant portion of the cocaine that is smuggled into the region for local distribution. Cocaine destined for the HIDTA region is frequently seized by law enforcement officials from vessels traversing the high seas in the South Atlantic/Caribbean. Cocaine seizures on the high seas near the HIDTA region increased 78 percent, from 8,230 kilograms in 2007 to 14,641 kilograms in 2008. Law enforcement officials report that the increased seizures are due in large part to successful enforcement operations in the area, principally Operation Broken Bridge and the Caribbean Corridor Initiative (CCI), which is now known as the Caribbean Corridor Striker Force (CCSF) and the Caribbean Border Interagency Group (CBIG).

Heroin distribution and abuse are significant threats to the HIDTA region. Heroin is the primary drug identified in drug-related treatment admissions to publicly funded facilities in Puerto Rico. Traffickers transport wholesale quantities of SA heroin into Puerto Rico, almost exclusively into San Juan, by means of commercial air directly from Colombia or Venezuela or by maritime conveyances from Colombia through the Dominican Republic—most of this heroin is further transported to drug markets in the CONUS and other drug markets in Africa, Canada, and Europe. Additionally, some traffickers who transport wholesale quantities of SA heroin to

the CONUS break the heroin into retail lots after arriving in the CONUS. Most is left for distribution in CONUS drug markets; however, some is transported by the traffickers back to the HIDTA region for local distribution and abuse.

Marijuana is a serious threat, while other dangerous drugs (ODDs), primarily MDMA (3,4-methylenedioxymethamphetamine, also known as ecstasy), controlled prescription drugs (CPDs),<sup>2</sup> and methamphetamine, pose lesser threats to the PR/USVI HIDTA region. Marijuana is the most widely available and frequently abused drug in the region. Most marijuana available in the HIDTA region is produced in Mexico and is typically smuggled by Mexican traffickers through the southwestern United States into Puerto Rico and the USVI. PR/USVI HIDTA officials report that marijuana is primarily transported into the region from sources in California and Texas, using the U.S. Postal Service (USPS) and other overnight parcel delivery services. Some marijuana available in the HIDTA region, including high-potency marijuana, is produced from cannabis cultivated in Puerto Rico and the USVI. ODDs, primarily MDMA, and CPDs are distributed and abused in the region, but to a lesser extent than cocaine, heroin, or marijuana. Methamphetamine is not produced in the HIDTA region; distribution and abuse of the drug rarely occur.

2. Not all prescription drugs are listed as controlled prescription drugs (CPDs) under the Controlled Substances Act (CSA). However, many prescription drugs are listed in Schedules I through V of the CSA because of their high potential for abuse or addiction. Schedule I through V prescription drugs are primarily narcotic pain relievers and central nervous system depressants and stimulants. A complete list of CPDs, by schedule, is available on the Drug Enforcement Administration (DEA) Office of Diversion Control web site at <http://www.dea/diversion.usdoj.gov/schedules/schedules.htm>.



## Drug Trafficking Organizations

Puerto Rican, Colombian, Caribbean, Dominican, and Caucasian DTOs and gangs, as well as USVI-based gangs, transport and distribute a variety of drugs throughout the region. In 2008 law enforcement officials affiliated with PR/USVI HIDTA Initiatives targeted 52 DTOs and 4 money laundering organizations operating within the region; 3 of these organizations were dismantled, and 25 others were disrupted. Many of the organizations (27 of the 56 targeted) operated internationally, 19 operated in the local HIDTA region, and 10 operated in multiple states/territories. The organizations identified through the HIDTA Initiatives were Puerto Rican, Colombian, Caribbean, Dominican, Caucasian, and Venezuelan.

Colombian DTOs dominate wholesale cocaine and SA heroin trafficking into and through Puerto Rico and the USVI; these DTOs figure prominently in most law enforcement investigations in the region. Colombian DTOs rely heavily on other Caribbean-based traffickers, including Dominican, Puerto Rican, and Venezuelan DTOs and criminal groups, to transport drugs from South America into the PR/USVI HIDTA region. For instance, Colombian DTOs often employ Dominican DTOs to smuggle cocaine and SA heroin into the HIDTA region; the Dominican DTOs typically receive a percentage of the drugs as payment for their services. Furthermore, the DEA Caribbean Field Division reports that Colombian DTOs frequently rely on Venezuelan traffickers to smuggle cocaine and SA heroin into the HIDTA region on their behalf. Such associations result largely from Colombian DTOs' use of Venezuela as a departure zone for drug shipments.

Dominican DTOs are increasingly controlling drug distribution in Puerto Rico; they are the principal transporters of illicit drugs into and through Puerto Rico and the USVI. Dominican

DTOs operate extensive transportation networks, often using the Netherlands Antilles, other Dutch territories, and their home island of Hispaniola as staging areas. Dominican DTOs also distribute wholesale, midlevel, and retail quantities of cocaine, SA heroin, and marijuana throughout the HIDTA region. Additionally, Dominican DTOs often work closely with Puerto Rican DTOs, sometimes including members from Puerto Rican DTOs in their organizations. Dominican Republic-based DTOs are more effectively controlling drug trafficking in Puerto Rico by using Dominican nationals who reside in the commonwealth. For example, in 2008 a Dominican Republic-based DTO hired a Dominican alien resident in Puerto Rico to transport drugs onto Mona Island, located between the Dominican Republic and Puerto Rico; Mona Island is under Puerto Rican jurisdiction. The Dominican trafficker hired a Puerto Rican trafficker to assist him in transporting the drugs onto the main island of Puerto Rico.

Puerto Rican DTOs and gangs are the primary retail drug distributors in Puerto Rico. These traffickers typically distribute powder and crack cocaine, marijuana, heroin, and MDMA at public housing projects located in the San Juan metropolitan area and in larger municipalities such as Aguadilla, Fajardo, and Ponce. To illustrate, in October 2008 a federal grand jury in the U.S. District of Puerto Rico indicted 40 members of a DTO for drug trafficking and firearms offenses. DTO members had been operating from a public housing project in the municipality of Canóvanas, where they distributed powder and crack cocaine, marijuana, and CPDs. The 40 individuals indicted during this investigation had fulfilled different roles within the organization, sometimes simultaneously, such as supervisors, drug distribution site operators, suppliers, enforcers, runners, sellers, and facilitators.

Puerto Rican DTOs and gangs also coordinate drug shipments on behalf of Colombian and Dominican DTOs from the commonwealth to the

CONUS and other areas, such as Africa, Canada, and Europe. In addition, some Puerto Rican DTOs maintain extended distribution cells in the CONUS that sell drugs at the retail level in Connecticut, Florida, Massachusetts, New Jersey, New York, and Pennsylvania.

Prison gangs are active throughout Puerto Rico; however, the extent to which these gangs distribute drugs outside the prison system is an intelligence gap.<sup>3</sup> Ñeta, also known as Asociación Pro-Derechos de Confinados, is the largest and most violent prison gang in Puerto Rico. The group was initially formed in the Puerto Rico prison system to address issues pertaining to prisoner rights; it quickly involved itself in criminal activity. Ñeta membership in correctional facilities in Puerto Rico exceeds 10,000. Ñeta chapters in Puerto Rico exist exclusively inside prisons; members are commonly involved in drug trafficking, money laundering, extortion, murder, and public corruption. Once members are released from prison, they are no longer considered to be part of the gang. Ñeta is the primary rival of other prison gangs, known in Spanish as Grupo or “G” gangs (G-25, 27, and 31), that also operate in Puerto Rico.<sup>4</sup> The G-27 prison gang is the largest and most influential G gang, according to Puerto Rican correction officers. The G-27 gang has intensified recruitment among the inmate population and is also attempting to control some retail drug distribution sites outside the prison system in Puerto Rico.

Local gangs are the primary retail-level drug traffickers in the USVI; they typically distribute powder and crack cocaine, marijuana, heroin, and MDMA. According to the Federal Bureau of Investigation (FBI) San Juan Field Division, gang activity is widespread in the USVI and fuels much of the criminal activity on the islands. Local gang

3. There are 28 state penal institutions in the PR/USVI HIDTA—27 in Puerto Rico, and one in the USVI; the sole federal institution is also located in Puerto Rico.

4. The number associated with a Grupo or “G” gang usually represents the day of the month when the gang was organized.

### Drug Trafficking Organizations, Criminal Groups, and Gangs

**Drug trafficking organizations** are complex organizations with highly defined command-and-control structures that produce, transport, and/or distribute large quantities of one or more illicit drugs.

**Criminal groups** operating in the United States are numerous and range from small to moderately sized, loosely knit groups that distribute one or more drugs at the retail level and midlevel.

**Gangs** are defined by the National Alliance of Gang Investigators’ Associations as groups or associations of three or more persons with a common identifying sign, symbol, or name, the members of which individually or collectively engage in criminal activity that creates an atmosphere of fear and intimidation.

members generally distribute drugs in lower-income neighborhoods in St. Thomas and St. Croix and are frequently involved in weapons trafficking. Gang members in the USVI, similar to gang members in Puerto Rico, frequently use weapons to enforce or provide security at drug distribution sites, frighten or kill competitors, and intimidate customers who are indebted to them.

## Production

Cannabis cultivation is limited in Puerto Rico and primarily involves Puerto Rican DTOs and criminal groups.<sup>5</sup> Law enforcement officials report that local growers typically establish indoor grow sites in residences located in wealthy, gated communities, in isolated communities of west central Puerto Rico, and on the island municipalities of Vieques and Culebra because of the islands’ relative isolation and sparse law enforcement presence.

5. No cannabis eradication data are available for Puerto Rico.

Cannabis cultivation is prevalent in the USVI. Outdoor cannabis cultivation is widespread, and indoor cannabis cultivation is increasing throughout the USVI; most of this cannabis is intended for local consumption. The DEA, USVI Police Department, and USVI and Puerto Rico National Guards eradicated approximately 10,000 cannabis plants from outdoor grow sites on St. Croix in June 2008. In the face of such eradication efforts, many cannabis cultivators have moved their grow operations indoors in an attempt to avoid law enforcement scrutiny. Cannabis cultivators also locate their operations indoors to attain a higher profit margin. Moreover, indoor cannabis cultivators are increasingly producing high-potency marijuana through hydroponic growing methods because of the higher profit potential for this type of marijuana. For example, price data from the PR/USVI HIDTA reveal that marijuana produced from cannabis grown outdoors in the USVI sells for \$600 to \$700 per pound, whereas high-potency hydroponic marijuana sells for \$1,000 to \$1,600 per pound.

## Transportation

The PR/USVI HIDTA region is a U.S. arrival zone for illicit drugs transported from South America, particularly cocaine destined for U.S. drug markets. HIDTA officials estimate that drug traffickers transport metric-ton quantities of cocaine and multikilogram quantities of SA heroin through the HIDTA en route to drug markets in the CONUS. For instance, law enforcement officials in drug markets in Connecticut, Florida, Massachusetts, New York, and Pennsylvania report that cocaine and SA heroin sold in their jurisdictions often transits Puerto Rico during shipment. Traffickers also transport significant quantities of cocaine and SA heroin through the HIDTA region en route to other areas, such as Africa, Canada, and Europe.

DTOs transport cocaine and SA heroin into the HIDTA region directly from Venezuela—the major departure point in South America for

cocaine destined for the HIDTA region—or Colombia. DTOs also transport cocaine and SA heroin into the region indirectly from the west through Hispaniola or from the east through the islands of the Lesser Antilles. The principal cocaine trafficking route to western Puerto Rico is from Venezuela to Hispaniola and then through Hispaniola, primarily the Dominican Republic. The principal cocaine trafficking route to eastern Puerto Rico extends from Venezuela to St. Martin, through St. Thomas, and on to Vieques or Culebra. DTOs typically transport drugs throughout the region in commercial cargo aboard maritime or air conveyances; they also use go-fast boats and couriers traveling aboard ferryboats. Additionally, some traffickers employ couriers traveling aboard ferryboats to smuggle small quantities of cocaine from Vieques and Culebra to the main island of Puerto Rico.

Drug smuggling in containerized cargo is a significant maritime threat to the HIDTA region. The vast and increasing quantity of goods transhipped through the region every year provides drug traffickers with ample opportunity to smuggle illicit drugs into, through, and away from the area. Law enforcement officials can inspect only a fraction of the shipping containers arriving at ports in the HIDTA region, a situation that is reportedly exploited by DTOs.<sup>6</sup> The Port of San Juan handled almost 9.5 million short tons of cargo in 2007.<sup>7</sup> Additionally, the Port of Americas (POA), an expansion project of the Port of Ponce in Puerto Rico, handled an estimated 634,595 short tons of cargo from July 2006 through June 2007 (the latest year for which data are available) and is projected to handle over 1.5 million

6. According to law enforcement officials, less than 5 percent of shipping containers arriving in Puerto Rico are inspected because of limited personnel and technical resources. DTOs capitalize on the limited number of container inspections, smuggling undetermined quantities of drugs through Puerto Rico and USVI seaports. Consequently, the Puerto Rico Department of the Treasury is implementing measures to better identify container contents on vessels transiting local ports.

7. A short ton of cargo weighs 2,000 pounds.

## Cocaine Seized from Shipping Container in St. Croix

More than 100 kilograms of cocaine were seized in December 2008 from a cargo vessel docked in the Port of St. Croix. The cocaine, valued at approximately \$3 million, was concealed in 139 boxes of spice seasonings that were stored in a container aboard the vessel, which was sailing from Guyana to Canada.

Source: Drug Enforcement Administration, Caribbean Field Division.

twenty-foot equivalent units (TEUs) a year when it becomes fully operational in 2012.<sup>8</sup> Moreover, the Virgin Islands Port Authority indicates that seaports in the USVI handled over 1.02 million tons of cargo in fiscal year (FY) 2005 (the latest year for which such data are available).<sup>9</sup>

Traffickers transport illicit drugs into the PR/USVI HIDTA region on commercial air flights. The Puerto Rico Ports Authority reports that there are two international and nine regional airports in Puerto Rico, including one on each of the smaller island municipalities of Vieques and Culebra. The largest airport in Puerto Rico is the Luis Muñoz Marín International Airport, which processes over 10 million passengers per year, making it the busiest airport in the Caribbean in terms of passenger movement. The main airport in the USVI is the Cyril E. King Airport located on St. Thomas; it handles approximately 1 million passengers per year, according to the Virgin Islands Port Authority. The DEA Caribbean Field Division reports that in 2008, corrupt airport employees used their security privileges to avoid screeners and smuggled illegal drugs on board commercial flights destined for the CONUS. For example, one investigation revealed

8. Container ships are designed in such a manner that no space is wasted. Their capacity is measured in twenty-foot equivalent units (TEUs), the number of twenty-foot containers (each 20 x 8½ x 8½ feet, or 6 x 2.6 x 2.6 meters) a vessel can carry, even though the majority of containers used today are 40 feet (12 meters) in length.
9. The fiscal year (FY) extends from October through September.

that airline employees stole luggage from the baggage handling area, inserted packages of cocaine into the luggage, and then retagged and rerouted the luggage to other flights.

Traffickers operating in the PR/USVI HIDTA region use parcel delivery services to transport drugs from Puerto Rico into the CONUS and from the CONUS to Puerto Rico. The DEA New England Field Division reports that the number of multikilogram drug shipments arriving by mail in the New England area from Puerto Rico increased over the past year. In 2008, approximately 200 kilograms of cocaine and 0.25 kilograms of heroin were seized from intercepted mail parcels sent from Puerto Rico intended for destinations in Connecticut, Delaware, Florida, Massachusetts, New Jersey, New York, North Carolina, Pennsylvania, and Rhode Island. These amounts were significant decreases from the amounts intercepted in 2007 (over 835 kilograms of cocaine and 38 kilograms of heroin). CONUS-based traffickers also use parcel delivery services to send Mexican marijuana to Puerto Rico and the USVI. Most parcels containing Mexican marijuana originate from California and points along the Southwest Border.

## Distribution

Drug distribution in the PR/USVI HIDTA region consists primarily of midlevel and retail-level distribution; wholesale quantities of illicit drugs are typically transshipped to the CONUS and to other areas, such as Africa, Canada, and Europe. Dominican and Puerto Rican DTOs and gangs dominate retail drug distribution in Puerto Rico and are frequently part of the same organizations. Colombian, Dominican, Puerto Rican, and USVI DTOs and gangs are the most common retail-level distributors in the USVI. Most retail drug distribution takes place in public housing projects and lower-income neighborhoods. Moreover, DTOs are increasingly recruiting middle-aged men to distribute drugs from their public

housing apartments—DTOs believe that these men attract less attention from law enforcement than younger traffickers, according to the FBI San Juan Field Division.

Drug traffickers in the PR/USVI HIDTA region typically communicate using cellular telephones and the Internet. They routinely use cellular telephones to coordinate drug transportation and distribution in Puerto Rico and the USVI. The FBI San Juan Field Division reports that gangs most commonly communicate using cellular telephones; they also use prepaid calling cards, two-way radios, and landline telephones. PR/USVI HIDTA investigations reveal that DTOs frequently use the Internet to conduct online chats and exchange e-mails in order to coordinate drug shipments from South America to Puerto Rico; some of these communications have been linked to Colombian and Dominican DTOs.

## **Drug-Related Crime**

Drug-related violence is endemic in Puerto Rico. Homicide rates typically rank among the highest in the United States, and law enforcement officials report that most of these homicides are related to drug trafficking. DTOs and gangs frequently use intimidation, violence, and murder to gain and retain control of retail drug markets in the region.

Firearms legally and illegally transported into the PR/USVI HIDTA region from the CONUS, particularly Florida, are of significant concern to law enforcement officials in Puerto Rico, which is a principal destination for these firearms. For instance, in May 2008, 111 members of a DTO were indicted in Puerto Rico on seven federal violations, including firearms and drug trafficking. The leaders of the DTO allegedly oversaw a group of subordinates managing distribution activities at the numerous drug points under their control. The leaders would subsequently divide the illicit drug proceeds among themselves and their subordinates.

Some of the members routinely possessed, carried, and used firearms to protect themselves and the drug trafficking operations. DTO members also used violence, force, and intimidation to gain or maintain control of the operations.

Corruption among local law enforcement officers has been an ongoing problem throughout the PR/USVI HIDTA for many years; in 2008 federal authorities uncovered and addressed significant drug-related police corruption in the region. In December 2008, federal agents arrested several members of the Puerto Rico Police Department (PRPD) Special Arrests and Extraditions Division for conspiracy to commit extortion under color of official right, possession of cocaine and heroin with intent to distribute, and carrying firearms in connection with drug trafficking, among other allegations. The officers, in return for cash payments, filed misleading paperwork to obtain temporary custody of inmates detained in Puerto Rican correctional facilities. The officers provided surveillance and protection as they transported the inmates in marked police cruisers to drug distribution sites. Incidents of police corruption have severely undermined the public's confidence in the police department's ability to protect them by deterring and combating crime.

## **Abuse**

Cocaine, heroin, and marijuana are the most widely abused illicit drugs in the PR/USVI HIDTA; CPDs and ODDs such as MDMA are also commonly abused. Public health officials report that most drug abusers in the region are opportunistic and abuse cocaine, heroin, CPDs, and marijuana interchangeably as availability and price change. Nonetheless, public health officials in Puerto Rico report that heroin abuse is the most significant drug abuse threat in Puerto Rico. As a result, heroin is the primary drug identified in drug-related treatment admissions to publicly funded facilities in Puerto Rico, accounting for

67 percent (1,627 of 2,430) of all admissions, excluding alcohol, in the commonwealth in 2007 (the latest year for which such data are available). According to data from the Substance Abuse and Mental Health Services Administration (SAMHSA) Treatment Episode Data Set (TEDS), more individuals were admitted for the treatment of heroin abuse in Puerto Rico from 2003 through 2007 than were admitted for the treatment of marijuana and cocaine abuse (smoked and by other routes of administration). Cocaine, however, is the primary drug identified in drug-related treatment admissions to Hogar CREA, Inc.,<sup>10</sup> the largest privately funded drug treatment network in Puerto Rico, accounting for 33 percent (approximately 2,009 of 6,088) of admissions in FY2007 (the latest year for which such data are available). Marijuana accounted for 28 percent (approximately 1,705 of 6,088) of admissions, and heroin accounted for 23 percent (approximately 1,400 of 6,088) of admissions.<sup>11</sup> Comparable data for the USVI are not available and constitute an intelligence gap.

## Illicit Finance

The PR/USVI HIDTA region is a major money laundering center for drug traffickers operating in the region. The San Juan High Intensity Financial Crime Area (HIFCA) reports that the leaders of high-profile money laundering organizations based in Central American and South American countries maintain money laundering cells in Puerto Rico and the USVI. The cells launder the illicit proceeds generated by traffickers operating in the HIDTA region and, in doing so, use financial institutions, money remitters, shell corporations, bulk cash smuggling,

and other methods, such as the Colombian Black Market Peso Exchange (BMPE).<sup>12</sup>

Traffickers in the CONUS routinely smuggle bulk cash to the PR/USVI HIDTA region as well as between the region and other Caribbean countries. The DEA Caribbean, New England, and Philadelphia Field Divisions report that traffickers operating in a number of areas in the CONUS, including Connecticut, Maryland, New Jersey, New York, North Carolina, and Pennsylvania, are increasingly smuggling bulk cash to the HIDTA region for eventual laundering; they also transport laundered cash back to the CONUS. In fact, Puerto Rico has emerged as an important transshipment area for the return of illicit drug proceeds from the CONUS to high-level Colombian and Venezuelan traffickers. Couriers routinely smuggle bulk cash from Puerto Rico to the Dominican Republic for repatriation to Colombia and Venezuela. For example, in August 2008, CBP officers seized approximately \$19,000 in cash from a 40-year-old female who was departing Mayagüez, Puerto Rico, for Santo Domingo, Dominican Republic, on board the Caribbean Express, a commercial vessel that transports passengers and cargo on a regular schedule between the port cities of Mayagüez and Santo Domingo.

10. Hogar CREA, Inc., the largest private drug treatment network in Puerto Rico, operates 83 treatment centers in Puerto Rico. The majority of these centers specialize in the treatment of adult males; however, seven facilities specialize in the treatment of adult females, seven specialize in the treatment of teenage boys, and one specializes in the treatment of teenage girls. Federal and commonwealth drug courts, the Department of Corrections, and the Puerto Rico Mental Health and Anti-Addiction Services Administration (ASSMCA, in Spanish) refer patients to Hogar CREA, Inc.

11. The FY extends from July through June.

12. The Colombian Black Market Peso Exchange (BMPE) system originated in the 1960s, when the Colombian Government banned the U.S. dollar, intending to increase the value of the Colombian peso and boost the Colombian economy. The government also imposed high tariffs on imported U.S. goods, hoping to increase the demand for Colombian-produced goods. However, this situation created a black market for Colombian merchants seeking U.S. goods and cheaper U.S. dollars. Those merchants possessed Colombian pesos in Colombia but wanted cheaper U.S. dollars (purchased under official exchange rates) in the United States to purchase goods to sell on the black market. Colombian traffickers had U.S. dollars in the United States—from the sale of illicit drugs—but needed Colombian pesos in Colombia. Consequently, peso brokers began to facilitate the transfer of U.S. drug dollars to Colombian merchants, and business agreements were forged enabling those Colombian merchants to purchase U.S. dollars from traffickers in exchange for Colombian pesos. Although the ban on possession of U.S. dollars was later lifted, the black market system became ingrained in the Colombian economy, and Colombian drug traffickers continue to rely on this system to launder their U.S. drug proceeds.

## **Outlook**

Cocaine trafficking will remain the primary drug threat to the PR/USVI HIDTA region. Continued cocaine shortages occasioned by successful interdiction efforts will very likely result in price increases at the retail level in the near term. Higher cocaine prices may cause some abusers to switch to other, less expensive drugs. In addition, continued cocaine shortages in the PR/USVI HIDTA region may eventually affect the availability of cocaine in some CONUS drug markets that rely on cocaine shipments from the PR/USVI HIDTA region.

Public confidence in the PRPD's ability to protect the citizenry remains low because of continued corruption within the department; this situation has resulted in decreased cooperation between the public and the police department and has made it more difficult for police officers to deter crime and enforce the law. Consequently, it is likely that the crime rate in Puerto Rico will remain high and the drug situation will worsen in the next year as traffickers take advantage of a perceived law enforcement weakness.

## Sources

### Local, State/Commonwealth/U.S. Territory, and Regional

Port of Americas Authority  
Puerto Rico Institute of Forensic Sciences  
Puerto Rico Mental Health and Anti-Addiction Services Administration  
Puerto Rico Police Department  
Puerto Rico Ports Authority  
Virgin Islands Port Authority

### Federal

Executive Office of the President  
    Office of National Drug Control Policy  
        High Intensity Drug Trafficking Areas  
            New England  
            Puerto Rico/U.S. Virgin Islands  
U.S. Department of Commerce  
    Foreign Commerce and Navigation Agency  
    U.S. Census Bureau  
U.S. Department of Health and Human Services  
    Substance Abuse and Mental Health Services Administration  
        Office of Applied Studies  
            Treatment Episode Data Set  
U.S. Department of Homeland Security  
    U.S. Customs and Border Protection  
    U.S. Immigration and Customs Enforcement  
U.S. Department of Justice  
    Drug Enforcement Administration  
        Caribbean Field Division  
        El Paso Intelligence Center  
        New England Field Division  
        Philadelphia Field Division  
    Federal Bureau of Investigation  
        San Juan Field Division  
    U.S. Attorneys Office  
        District of Puerto Rico  
U.S. Department of the Treasury  
    Financial Crimes Enforcement Network  
    San Juan High Intensity Financial Crimes Area

### Other

*Associated Press*  
*El Nuevo Día*  
Hogar CREA, Inc.  
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*The San Juan Star*  
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